STATE OF DELAWARE
INSURANCE DEPARTMENT

PREMIUM TAX AND FEES ELECTRONIC FUNDS TRANSFER INSTRUCTIONS
ACH CREDIT OPTION
(Updated 01/07/04)

The Delaware Insurance Department, in cooperation with the State Treasurer's Office and National City Bank, has established a program that offers insurers the option of paying their insurance premium taxes and fees electronically via *ACH CREDIT*. Although this program is optional at this time, ***all companies are encouraged to participate***.

The method of payment selected is the Automated Clearing House (ACH) Cash Concentration and Disbursement Plus credit (CCD+). The file structure is designed according to the recommended industry standard format for tax payments developed by the Federation of Tax Administrators and the EDI Bankers Council of NACHA.

IMPORTANT: Selection of this option will require your financial institution to originate a CCD+ credit NACHA format. Before committing to this option, please verify with your financial institution that they have the capability of originating a CCD+ formatted transmission. NOTE: File structure MUST conform exactly to the specifications detailed in the instructions.

If the company wishes to participate, an *Authorization Agreement for Electronic Funds Transfer* must be completed and returned before electronic transmissions can begin. All newly authorized companies are required to transmit a $.01 test file before electronic premium tax filing can commence. **Do not send tax payments until the $.01 test has been confirmed by the Department.**

Those companies not electing to participate in electronic filing may continue to pay their premium tax payments using checks. Simply continue to mail the check with the completed tax forms to the appropriate National City Bank lockbox address listed in the premium tax filing instructions.

Interested taxpayers may file all insurance premium tax payments (annual as well as quarterly) required in Delaware using this payment method, but the EFT program described herein is acceptable for <u>INSURANCE PREMIUM TAX AND APPROVED RELATED PAYMENTS ONLY</u>. You will **not** be permitted to transmit payments for other State of Delaware taxes (*e.g.*: Corporate Withholding taxes or Unemployment taxes) through this program. Contact other agencies directly for details on their specific EFT programs.

This Instruction Package provides detailed instructions for generating a full Automated Clearing House (ACH) file. *Please note:* THESE INSTRUCTIONS MUST BE FOLLOWED EXACTLY. If you have any questions, contact your financial institution or you may e-mail the Delaware Insurance Department at: <u>Ann.Fletcher@state.de.us</u>, attention Mrs. Ann Fletcher, Premium Tax Coordinator.

COMPLETE AND RETURN AUTHORIZATION AGREEMENT ONLY
PLEASE RETAIN THESE INSTRUCTIONS FOR YOUR RECORDS

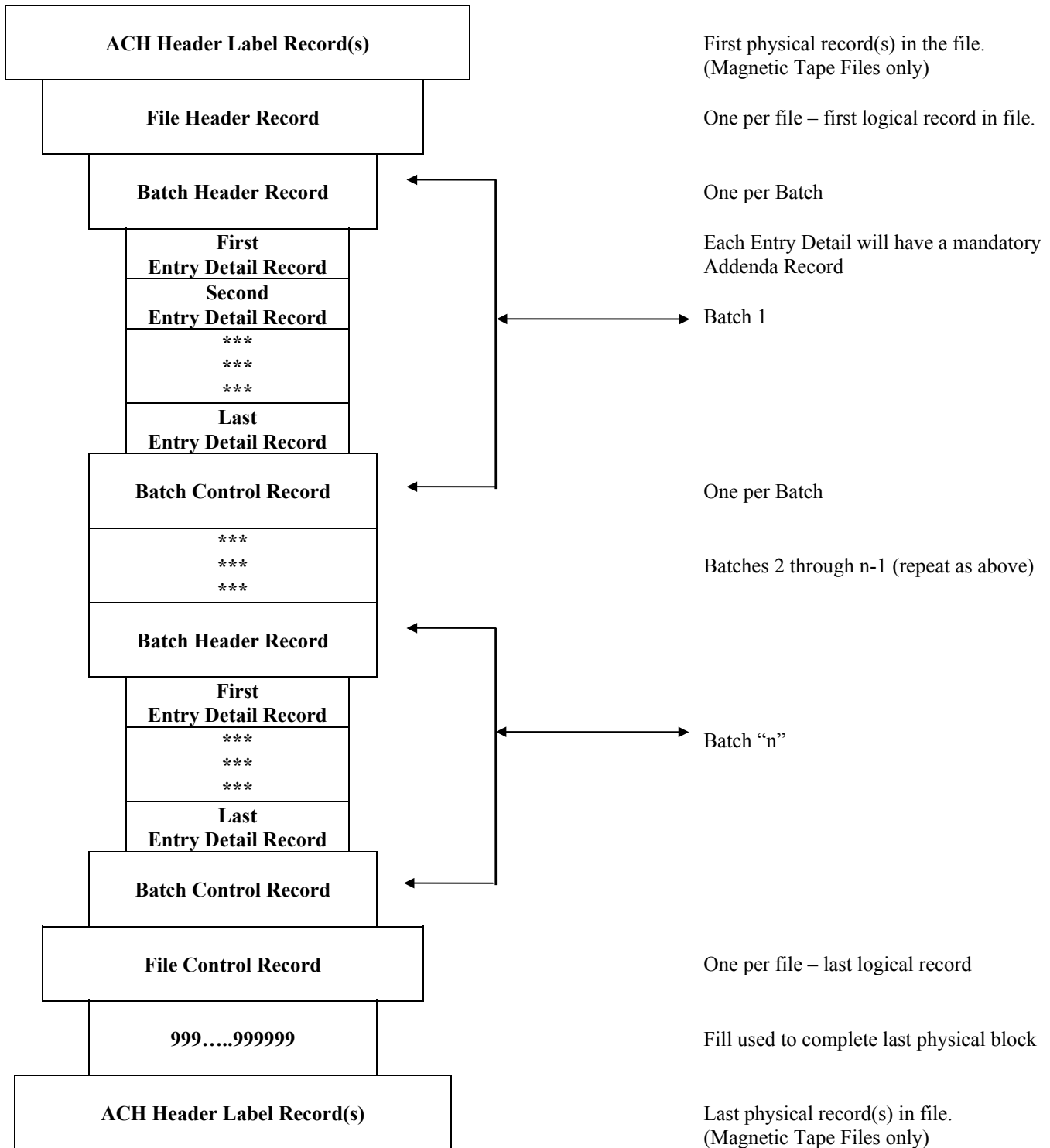# IN ADDITION TO THE ATTACHED FILE SETUP DETAILS, PLEASE NOTE THE FOLLOWING:

Delaware Insurance Department Specific Instructions:

- These instructions for electronic funds transfer to this bank account are for INSURANCE PREMIUM TAX AND AUTHORIZED RELATED PAYMENTS ONLY. **Do not** transmit payments for other State of Delaware Tax amounts, *e.g.*: Corporate Withholding tax or Unemployment tax, to this account.

- Insurance tax payments are always a tax type "71" (see page 4, Addenda Record). If another tax type, *e.g.*: '1101' or '220' is used, there is a chance the payment will be rejected, and the company could be subject to late filing administrative penalties.

- **IMPORTANT**: Companies participating in Delaware's EFT program are NOT required to submit quarterly Working Form T-9.

- The company's nine-digit federal employer identification number (EIN #) is the taxpayer identification number. **Do not include the hyphen when listing the EIN number.** If the company changes their EIN number for any reason, a new Authorization Agreement **must** be received by the Delaware Insurance Department **before** electronic funds transfer may be initiated using the new EIN number.

- Group payments must contain each individual company's identifying information. There must be a record transmitted for each company.

- For those companies who need this information for their system information: The branch address designation for National City Bank (for this application) is **Michigan/Illinois**.

- The transfer must be initiated so that the money is deposited as collected funds to the State of Delaware Treasurer's account on or before the date the tax is due. If the due date is a Saturday, Sunday, or a holiday, the next working day is the due date. **To ensure that the transfer is timely, the call must be made early enough on the business day prior to the due date for the transfer to be available at the Federal Reserve to be credited to the State of Delaware's account on the due date.** An administrative penalty of $100.00 per business day for late filing is assessed based on the date money is actually deposited with the State Treasurer's Office, not the date the transfer is initiated.

General (NACHA Standard) Instructions:

- All **alphanumeric and alphabetic fields** must be *left* justified and blank filled.

- All **numeric fields** must be *right* justified, unsigned, and zero filled.

- Use **UPPERCASE** letters only in alphanumeric fields.

- Cents must always be reported. If the tax payment is even dollars, use zeros for cents.

- **Do not** include the word "The" at the beginning of the company's name.

SUMMARY DIAGRAM OF SEQUENCE OF RECORDS FOR CCD+ TRANSMITTALS

ACH Header Label Record(s)	First physical record(s) in the file. (Magnetic Tape Files only)
File Header Record	One per file – first logical record in file.
Batch Header Record	One per Batch
First Entry Detail Record	Each Entry Detail will have a mandatory Addenda Record
Second Entry Detail Record	Batch 1
*** *** ***	
Last Entry Detail Record	
Batch Control Record	One per Batch
*** *** ***	Batches 2 through n-1 (repeat as above)
Batch Header Record	
First Entry Detail Record	
*** *** ***	Batch "n"
Last Entry Detail Record	
Batch Control Record	
File Control Record	One per file – last logical record
999…..999999	Fill used to complete last physical block
ACH Header Label Record(s)	Last physical record(s) in file. (Magnetic Tape Files only)

FILE HEADER RECORD

Field Description	Length	Position	Contents	Mandatory/Optional /Blank
Record Type Code	1	01-01	"1"	M
Priority Code	2	02-02	"01"	M
Immediate Destination	10	04-13	" 072000915"	M
Immediate Origin	10	14-23		M
Transmission Date	6	24-29	YYMMDD	M
Transmission Time	4	30-33	HHMM	O
File ID Modifier	1	34-34		Blank
Record Size	3	35-37	"094"	M
Blocking Factor	2	38-39	"10"	M
Format Code	1	40-40	"1"	M
Immediate Destination Name	23	41-63	"National City Bank"	O
Immediate Origin Name	23	64-86		O
Reference Code	8	87-94		Blank

FILE HEADER RECORD Field Descriptions

Record Type Code: Identifies the NACHA record type. The File Header Record is always a type "1".

Priority Code: Fill with "01".

Immediate Destination: Fill with " 072000915". National City Bank's ABA number *__preceded by a blank space__*.

Immediate Origin: Originating Bank's ABA number *__preceded by a blank space__*. Contact company's financial institution for this information.

Transmission Date: File creation date. Use the YYMMDD format.

Transmission Time: File creation time. Use the HHMM format.

File ID Modifier: Blank fill. This field is not applicable at this time.

Record Size: Fill with "094".

Blocking Factor: Fill with "10".

Format Code: Fill with "1".

Immediate Destination Name: "NATIONAL CITY BANK" should be used as the immediate destination name.

Immediate Origin Name: Use All CAPITAL letters. Company Name up to 23 positions. If the name is greater than 23 positions, please fill with the first 23 letters. Do not include the word "The" at the beginning of the Company Name. Must be individual company's name. DO NOT use a group or account name.

Reference Code: Blank fill. This field is for Bank use only.

BATCH HEADER RECORD

Field Description	Length	Position	Contents	Mandatory/Optional /Blank
Record Type	1	01-01	"5"	M
Service Class Code	3	02-04	"220"	M
Company Name	16	05-20		M
Company Discretionary Data	20	21-40		Blank
Company Identification Number	10	41-50	"1#########"	M
Standard Entry Class Code	3	51-53	"CCD"	M
Company Entry Description	10	54-63	"TAX PAYMENT"	M
Company Descriptive Date	6	64-69	YYMMDD (tax due date)	M
Effective Entry Date	6	70-75	YYMMDD (actual date of payment)	M
Settlement Date	3	76-78		Blank
Originator Status	1	79-79	"1"	M
Trace Number	15	80-94		Blank

BATCH HEADER RECORD Field Descriptions

Record Type Code: Identifies the NACHA record type. The Batch Header Record is always a type "5".

Service Class Code: Fill with "220". Indicates the standard service class code for ACH Credits.

Company Name: Use All CAPITAL letters. Company Name up to 16 positions. If the name is greater than 16 positions, please fill with the first 16 letters. Do not include the word "The" at the beginning of the Company Name. Must be individual company's name. DO NOT use a group or account name.

Company Discretionary Data: Blank fill.

Company ID Number: Company federal tax identification number (FEIN), _**preceded by the number "1"**_ and without a hyphen.

Standard Entry Class Code: Fill with "CCD". Indicates the standard entry class code for Tax Payments.

Company Entry Description: Fill with "TAX PAYMENT".

Company Descriptive Date: The Tax Period End Date (Due date -- 4/15, 6/15, 9/15, 12/15). Use YYMMDD format.

Effective Entry Date: The actual date funds will be transferred from the company's account into the State of Delaware's account. Use YYMMDD format.

Settlement Date: Blank fill. This field will be filled with the Julian Date by the ACH operator.

Originator Status: Fill with "1".

Trace Number: Blank fill. The sending financial institution will fill this field with a reference number that will allow the transaction to be tracked through the ACH system.

ENTRY DETAIL RECORD

Field Description	Length	Position	Contents	Mandatory/Optional /Blank
Record Type	1	01-01	"6"	M
Transaction Code	2	02-03	"22"	M
State of Delaware Transit Routing Number	9	04-12	"072000915"	M
State of Delaware Account Number	17	13-29	"884263139"	M
Tax Payment Amount	10	30-39	$$$$$$$$¢¢	M
Company Tax ID Number	15	40-54	"#########000000"	M
Company Name	22	55-76		M
Discretionary Data	2	77-78		O
Addenda Record Indicator	1	79-79	"1"	M
Trace Number	15	80-94		Blank

ENTRY DETAIL RECORD Field Descriptions

Record Type Code: Identifies the NACHA record type. The Detail Record is always a type "6".

Transaction Code: Fill with "22". Specifies that this transaction is a CREDIT to the State of Delaware checking account.

State of Delaware
Transit Routing Number   Fill with "072000915". Indicates National City Bank's ABA number.
IMPORTANT: In this segment the ABA number is NOT preceded by a blank space.

State of Delaware
Account Number   Fill with "884263139".

Tax Payment Amount: The Total Amount that will be transferred from the company to the State of Delaware. *No decimal point.*   Zero filled.

Company Tax ID Number: Company's federal tax identification number (FEIN). Left justified, zero filled. Do not include a hyphen.
IMPORTANT: In this segment the EIN number is NOT preceded by the number "1".

Company Name: Use All CAPITAL letters. Company Name up to 22 positions. If the name is greater than 22 positions, please fill with the first 22 letters. Do not include the word "The" at the beginning of the Company Name. Must be individual company's name.
DO NOT use a group or account name.

Discretionary Data: Blank fill.

Addenda Record Indicator: Fill with "1". Indicates that payment details are contained in the NACHA Addenda Record following this Entry Detail Record.

Trace Number: Blank fill. The sending financial institution will fill this field with a reference number that will allow the transaction to be tracked through the ACH system.

ADDENDA RECORD

Field Description	Length	Position	Contents	Mandatory/Optional /Blank
Record Type	1	01-01	"7"	M
Addenda Type Code	2	02-03	"05"	M
Segment Identifier	3	04-06	"TXP"	M
Separator	1	07-07	"*"	M
Taxpayer Identification	11	08-18	"#########00"	M
Separator	1	19-19	"*"	M
Tax Type Code	2	20-21	"71"	M
Separator	1	22-22	"*"	M
Tax Period End Date	6	23-28	YYMMDD	M
Separator	1	29-29	"*"	M
Amount Type Code	2	30-31		M
Separator	1	32-32	"*"	M
Amount	10	33-42	$$$$$$$$¢¢	M
Separator	1	43-43	"*"	O
Amount Type Code	2	44-45		O
Separator	1	46-46	"*"	O
Amount	10	47-56	$$$$$$$$¢¢	O
Separator	1	57-57	"*"	O
Amount Type Code	2	58-59		O
Separator	1	60-60	"*"	O
Amount	10	61-70	$$$$$$$$¢¢	O
Segment Terminator	1	71-71	"\"	M
Blank Fill	12	72-83		M
Addenda Sequence Number	4	84-87	"0001"	M
Entry Detail Sequence Number	7	88-94		Blank

ADDENDA RECORD Field Descriptions *(Note: These field descriptions are continued on the next page)*

Record Type Code: Identifies the NACHA record type. The Addenda Record is always a type "7".

Addenda Type Code: Identifies the Addenda Record type. Input is always "05".

Segment Identifier: Fill with "TXP". Identifies the beginning of free-form descriptive detail.

Taxpayer Identification: Company's federal tax identification number (FEIN). Left justified, zero filled. Do not include a hyphen.
IMPORTANT: In this record the EIN number is NOT preceded by the number "1", but rather is <u>followed by "00" (zero filled)</u>.

Tax Type Code: Fill with "71". Identifies the tax payment type as an **Insurance** tax type.

Tax Period End Date: Indicates the reporting tax period end Date (Due date -- 4/15, 6/15, 9/15, 12/15). Use YYMMDD format.

Amount Type Code: Identifies the Tax Liability Designator. Valid fill codes for this field are:
Ex: "T "   Premium Tax Payment
        "P "   Penalty Payment
        "I "   Interest Payment   **(follow any single letter entry with Blank)**
        "ZZ"   Other
Please note*:* The Addenda Record is able to identify up to three payment types with one transmission. More than one payment may be made to the Insurance Department at one time, but ***each payment type and amount MUST be individually specified.***

ADDENDA RECORD Field Descriptions (continued)

Amount: Indicates the amount of each payment type. _No decimal point._

Segment Terminator: Fill with "\". Indicates the final addenda record segment.

Addenda Sequence Number: Fill with "0001". Indicates the addenda sequence.

Entry Detail
Sequence Number: Blank fill. Assigned by the sending financial institution.

BATCH CONTROL RECORD

Field Description	Length	Position	Contents	Mandatory/Optional /Blank
Record Type	1	01-01	"8"	M
Service Class Code	3	02-04	"220"	M
Entry/Addenda Count	6	05-10		M
Entry Hash	10	11-20		M
Total Debit Entry $$ Amount	12	21-32	"000000000000"	M
Total Credit Entry $$ Amount	12	33-44	$$$$$$$$$$¢¢	M
Company ID	10	45-54	"1#########"	M
Message Authentication Code	19	55-73		Blank
Reserved	6	74-79		Blank
Originating DFI ID	8	80-87	"########"	M
Batch Number	7	88-94		Blank

BATCH CONTROL RECORD Field Descriptions

Record Type Code: Identifies the NACHA record type. The Batch Control Record is always a type "8".

Service Class Code: Fill with "220". Indicates the standard service class code for ACH Credits.

Entry/Addenda Count: The Total number of Entry Detail (Record Type '6') Records in this batch.

Entry Hash: Computed 10-position field which causes high level truncation. The Receiving Bank's Transit Routing Number (Field 3) for each Entry Detail (Record Type '6') Record is summed to calculate the Batch Hash.
For Example: If there are 2 Entry Detail Records in the batch, the Transit Routing Number in Field 3 of the Entry Detail Record ('072000915') would be added twice and this Batch Hash field would be filled with "144001830". The Batch Hash is cleared after each Batch Control (Record Type '8') Record is written.

Total Debit Entry
Dollar Amount: Zero fill. Not applicable at this time.

Total Credit Entry
Dollar Amount: Sum Total of amounts entered in positions 30-39 (Tax Payment Amount) for all credit Entry Detail (Record Type '6') Records in this batch.

Company ID: Company federal tax identification number (FEIN), *__preceded by the number "1"__* and without a hyphen.

Message Authorization Code: Blank fill. This field is for Bank use only.

Reserved: Blank fill. This field is for Bank use only.

Originating DFI ID: Originating Bank's ABA Number (no blank check digit). Contact company's financial institution for this information.

Batch Number: Blank fill. This number is assigned in ascending sequence to each batch in this file.

FILE CONTROL RECORD

Field Description	Length	Position	Contents	Mandatory/Optional /Blank
Record Type	1	01-01	"9"	M
Batch Count	6	02-07		M
Block Count	8	08-13		M
Entry/Addenda Count	8	14-21		M
Entry Hash	10	22-31		M
Total Debit Entry $$ Amount	12	32-43	"000000000000"	M
Total Credit Entry $$ Amount	12	44-55	$$$$$$$$$$$¢¢	M
Reserved	39	56-94		Blank

FILE CONTROL RECORD Field Descriptions

Record Type Code: Identifies the NACHA record type. The File Control Record is always a type "9".

Batch Count: The value of this field must equal the total number of Batch Header (Record Type '5') Records in this file.

Block Count: Number of physical blocks in the file, *including* the File Header and File Control Records. **MUST BE FULL, EVEN BLOCK COUNT.** An uneven count should be rounded up to the next multiple of 10 by adding appropriate number of 94-character records containing the digit '9' in all 94 positions.

Entry/Addenda Count: Total number of Entry Detail (Record Type '6') Records in this file.

Entry Hash: Computed 10-position field that causes high-level truncation. The Receiving Bank's Transit Routing Number (Field 3) for each Entry Detail (Record Type '6') Record is summed to calculate the File Hash. The Batch Hash in each Batch Control (Record Type '8') Record is cleared after each Type '8' record is written. The File Hash is never cleared.

Total Debit Entry
Dollar Amount: Zero fill. Not applicable at this time.

Total Credit Entry
Dollar Amount: Sum Total of amounts entered in positions 30-39 (Tax Payment Amount) for all credit Entry Detail (Record Type '6') Records in this file.

Reserved: Blank fill. This field is for Bank use only.